



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

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JAMES G. NEELY
COMMISSIONER

PHIL BRIDGES
GOVERNOR

February 3, 2006

The Honorable Shirley DeRosa,
Assistant Secretary for Employment and Training
U.S. Department of Labor
300 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Ms. DeRosa:

On behalf of the Tennessee Department of Labor and Workforce Development, enclosed is Tennessee's request for a waiver to utilize a percentage of the state set aside Rapid Response funds for allowable state-wide activities as described in 20 CFR 665.210. The proposed waiver request was developed in accordance with WIA, Section 189(x)(4), 20 CFR 661.400-061-426. This proposed change will enable the state to use the additional funds toward three programs. These programs include Encumbered Worker training, Short-Term skill training and the Governor's Fast Track Initiative.

As required, we have included a description of the process for providing notice and opportunity to comment on the proposed waiver request to Boards and other interested parties. We believe that the waiver will provide increased flexibility to the State of Tennessee and the Boards as we continue strong working relationships with local business communities regarding the skills of workers and continue our training services.

Tennessee will continue to carry out all required state level activities for Rapid Response described in 20 CFR 665.210. The increased flexibility with the utilization of the funds will not diminish the ability of the state or local areas to neither respond to worker dislocations nor will it affect local formula allocations for carrying out WIA Title IB adult, youth, and disabled worker activities.

We appreciate the opportunity to submit this waiver request. Should you have any questions or require additional information, please contact Susie Berque, Director of Performance and Compliance, Division of Employment and Workforce Development at (615) 741-4092 or Susie.Berque@state.tn.us.

Sincerely,

James G. Neely

JGN:SBK

Telephone:

cc: Faler Tucker, Regional Administrator
Whistler Lampert, Federal Representative

**STATE OF TENNESSEE
WAIVER REQUEST
WORKFORCE INVESTMENT ACT**

State Set-Aside Redistribution Waiver

The Tennessee Department of Labor and Workforce Development (DLWD), as the administrative entity for the Workforce Investment Act (WIA) in the State of Tennessee, is requesting a waiver of the regulatory requirements found in 20 CFR 665.310 and 665.320 that limit the use of State Set-Aside Rapid Response funds. In doing so, the State of Tennessee would like to use up to 50% of the funds set aside for rapid response to further the Governor's initiatives funded under 20 CFR 665.200 and 665.210. Specifically, building partnerships with economic development activities under the Governor's Jobs Cabinet and Fast Track Initiative; providing increased incumbent worker training, on-the-job training, and skills grants to local areas for high demand high skill training.

In compliance with WIA Regulations 561.420 please accept the following as a request for a waiver.

Background:

As the U.S. and Tennessee economy slowly move away from a manufacturing based economy, the administration has already begun the strategic work needed to help Tennessee move toward a knowledge-based economy. To accomplish increased coordination among state agencies and stakeholders, and to coordinate and improve economic development efforts within the state, the Governor has established the Jobs Cabinet and Fast Track Initiatives through executive order (see attached.) We are requesting this waiver in order to continue our success with these programs and build upon the efforts of the State Board and Department to provide increased services to employers through incumbent worker training, on-the-job training, and skills training. The granting of such flexibility, accessing one funding source instead of multiple funding sources, would be less burdensome and a more efficient and productive use of federal resources.

A. Statutory Regulation to be Waived:

- Section 189(j)(1) of WIA provides the Secretary of Labor general statutory authority to provide waivers if it is determined that the requirements requested to be waived impede the ability of the state or local area to implement their plans. We believe that the approval of this waiver request will remove such an impediment; and assist us with the ability to implement and continue development of a cohesive delivery system. We understand, in submitting this waiver request, the statutory exceptions to the Secretary's authority to approve waivers. We are submitting a request for a waiver, other than specified herein, that does not violate or affect any requirements or provisions of WIA and its related federal regulations. Tennessee requests a waiver of 20 CFR 665.310 and 665.320 to the extent that such regulations are not consistent with and do not allow for the delivery of services as outlined in 20 CFR 665.210.

- Specifically, the state is requesting to be allowed to utilize up to 50% of the funds set aside under Section 133 (a) (2) for allowable statewide activities described in 20 CFR 665.210. This will enhance flexibility for the State to provide support to the local areas through a variety of strategies to include incumbent worker training, on-the-job training, skill shortages and customized training that assists the local employers meet their local employer demands.
- Over the past two years, under the leadership of Governor Bredesen and Commissioner of Labor and Workforce Development Janice G. Neary, the Department has focused on one of the core principals of economic development, training the existing workforce. Statewide set-aside funds under the Workforce Investment Act have been essential in improving the skills of incumbent workers and establishing greater capacity to increase the number of training programs offered through our public colleges and universities. We have trained more than 9,000 incumbent workers and established more than 81 additional training programs in high demand occupations.
- We know from our incumbent worker application process that 1,771 jobs have been saved due specifically to the incumbent worker training. The flexibility granted from this waiver will allow greater flexibility to implement lay-off avoidance strategies rather than simply developing and overseeing the strategy as stipulated in 20 CFR 665.220.

B. Goals to be achieved by the Waiver:

- Increase the enrollments to assist employers prevent layoffs and retain current employees
- Provide more employees with higher technical skill levels through training and increase employment potential
- Meet the demands of a changing economy and train individuals in demand occupations
- Promote partnerships between business and the Workforce Development System by leveraging available funds
- Strengthen integration of services and programs
- Continue enrollment in the Governor's Fast Track Initiative, Incumbent Worker training, and skill shortages training. (See attached Table)
- The waiver will allow local boards to promote cost benefits of improved administrative efficiencies, encouraging the increased leveraging of resources with the workforce investment areas.

C. State or Local Statutory or Regulatory Barriers:

- Present regulations and policy statements are in compliance with current federal law. Upon notification of the approval of this waiver request, rules and policies will be amended to comply with the terms of the waiver.

D. Description of the Individuals Impacted by the Waiver:

- Tennessee Workforce Investment Boards that provide quality services will have access to additional resources to meet the needs of employers, incumbent workers, and demand-driven training services.
- This waiver will positively impact all eligible adult customers. These customers will benefit from having more training opportunities available to them.

E. Description of the Process to Monitor Progress:

- TDLWIA will be the entity responsible for monitoring the progress in the IWT, Fast Track, and Skill Shortage programs. We will also be responsible for monitoring the local area process during annual on-site reviews of each local area. (E&I Sub-recipient Monitoring Plan for PY 2005, Approved by Finance and Administration, Division of Resource Development and Support, October 2005.)

F. Opportunity for Local Boards to Comment on the Waiver Request:

- This waiver request was initiated based on needs identified by WIA Administrative Entities and State Board members. Further discussion took place at the Director's meeting on November 4, 2005. The waiver was made available for additional public comment through the department's website, effective January 3, 2006. No comments or suggestions were received.